

# ARTER & HADDEN

IN CLEVELAND  
ARTER & HADDEN  
1100 HUNTINGTON BUILDING  
CLEVELAND, OHIO 44115  
216/696-1100  
TELECOPIER 216/696-2645  
TELEX 98 5384

IN CANTON  
ARTER & HADDEN  
640 CITIZENS SAVINGS BUILDING  
CANTON, OHIO 44702  
216/453-1166  
TELECOPIER 216/453-2364

1919 PENNSYLVANIA AVENUE, N.W.  
WASHINGTON, D.C. 20006  
202/775-7100  
TELECOPIER 202/857-0172  
TELEX 6502156242-MCI

IN COLUMBUS  
ARTER & HADDEN  
ONE COLUMBUS  
10 WEST BROAD STREET  
COLUMBUS, OHIO 43215  
614/221-3155  
TELECOPIER 614/221-0479

IN DALLAS  
ARTER HADDEN & WITTS  
53 RENAISSANCE TOWER  
DALLAS, TEXAS 75270  
214/741-7561  
TELECOPIER 214/741-7139

March 31, 1988

RECORDATION NO. 5554  
MAR 31 1988 4:52 PM  
INTERSTATE COMMERCE COMMISSION

PLEASE RESPOND TO:  
Washington  
TO CALL WRITER, DIRECT DIAL:

(202) 775-7122

Interstate Commerce Commission  
Room 2303  
12th & Constitution Avenue, N.W.  
Washington, D. C. 20423

No. 8-091A055

Date MAR 31 1988  
Fee \$.....

Attention: Ms. Mildred Lee

ICC Washington, D. C.

Ms. Lee:

Pursuant to 49 U.S.C. § 11303, I have enclosed a copy of the following notarized Security Agreement:

- 1) March 25, 1988 Security Agreement between Delaware and Hudson Railway Company, Iron Horse Park, North Billerica, Massachusetts 01862 and Maine Central Railroad Company, Iron Horse Park, North Billerica, Massachusetts 01862 (Debtors) and Midwest Steel & Alloy Corporation, 26949 Chagrin Boulevard, Cleveland, Ohio 44122 (Secured Party).

I have also enclosed the filing fee of \$13.00 for the Security Agreement and the original of the Security Agreement for comparison purposes. After you have compared the original and copy for authenticity, please return the original Security Agreement, in the stamped, addressed envelope to:

Donald J. Fisher, Esq.  
Arter & Hadden  
1100 Huntington Building  
Cleveland, Ohio 44115

Thank you for your time.

Sincerely,

Patricia G. Butler  
Patricia G. Butler

PGB/jbh

Enclosures

*Consented and  
Mervin B. Bartolomei II*

**Interstate Commerce Commission**  
Washington, D.C. 20423

3/31/88

OFFICE OF THE SECRETARY

Patricia G. Butler  
Arter & Hadden  
1919 Pennsylvania Avenue, N.W.  
Washington, D.C. 20006

Dear Ms. Bulter:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 3/31/88 at 12:50pm, and assigned recordation number(s). 15554

Sincerely yours,

*Nanta L. McGee*

Secretary

Enclosure(s)

FOR FILING WITH:

Department of Transportation  
Interstate Commerce Commission  
Washington, D.C.

1 5554  
RECORDATION NO.            Filed 3425

MAR 31 1988 - 12:50 PM  
INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT

NAME & ADDRESS OF DEBTORS:

Delaware and Hudson Railway Company  
Iron Horse Park  
North Billerica, Massachusetts 01862

Maine Central Railroad Company  
Iron Horse Park  
North Billerica, Massachusetts 01862

NAME & ADDRESS OF SECURED PARTY:

Midwest Steel & Alloy Corporation  
26949 Chagrin Boulevard  
Cleveland, Ohio 44122

DATE:

March 25, 1988

DESCRIPTION OF COLLATERAL BEING MORTGAGED:

Three (3) Locomotives bearing the following locomotive numbers:

- (1) MEC 225
- (2) MEC 234
- (3) DH 661

GENERAL TERMS:

1. The above described collateral is hereby mortgaged to the secured party for the purpose of securing the prompt and faithful discharge and performance of each agreement of the debtors herein contained or contained in that certain Purchase and Sale Agreement of even date hereof by and between the debtors and the secured party (the "Purchase and Sale Agreement") made with or for the benefit of the secured party in connection with the indebtedness otherwise secured hereby and the repayment of any sums expended or advanced by the secured party for the maintenance or preservation of the

collateral or in enforcing its rights hereunder (the foregoing being collectively referred to as the "Secured Obligations").

2. Debtors hereby declare and hereby warrant to the secured party that they are the absolute owners of the legal and beneficial title to the collateral and in possession thereof, and that the same is free and clear of all liens, encumbrances, and adverse claims whatsoever.

3. It is the intention of the parties to deliver this instrument in the State of Ohio.

4. If the debtors, their successors or assigns shall perform the Secured Obligations in full in accordance with the terms of the Purchase and Sale Agreement and this Security Agreement and shall otherwise keep and perform all and singular the terms, covenants and agreements in this Security Agreement, then this Security Agreement, and the security interest granted hereby, shall terminate and thereupon be null and void.

5. Time is of the essence of this Security Agreement. It is hereby agreed that:

- (a) if the debtors shall default in the performance of any of their obligations under the Purchase and Sale Agreement; or
- (b) if the debtors shall (i) make an assignment for the benefit of creditors, (ii) file or have filed against them a petition in bankruptcy or other similar proceeding under any law for the relief of debtors, or (iii) have a receiver appointed of their property; or
- (c) if any part of the collateral is seized under execution or other legal process;

(each of the foregoing events or occurrences being deemed a "Default" for purposes of this Agreement), then the Secured Obligations shall immediately become due and payable at the option of the secured party.

6. Upon a Default, secured party may at once proceed to foreclose this mortgage in any manner provided by law, or it may at its option, and it is hereby empowered so to do, with or without foreclosure action, enter upon the premises where the said collateral may be and take possession thereof and remove and sell and dispose of the same at public or private sale. Secured party may, from the proceeds of such sale, retain all costs and charges incurred by it in the taking or sale of said collateral, including any reasonable attorney's fees incurred, and apply the balance to the payment of the Secured Obligations then outstanding. Any surplus of such proceeds remaining after payment of the Secured Obligations shall be paid to the debtors, or whoever may be lawfully entitled to receive the same. If a deficiency occurs, the debtors agree to pay such deficiency forthwith.

7. The secured party or its agent may bid upon and purchase the collateral at any sale made under this Security Agreement or herein authorized, or at any sale made upon foreclosure of this Security Agreement.

IN WITNESS WHEREOF, the debtors have executed this Security Agreement this 25th day of March, 1988.

NAME OF DEBTORS:

DELAWARE AND HUDSON RAILWAY  
COMPANY

By: Kenneth C. Austin  
Name: Kenneth C. Austin  
Title: Vice President - Finance

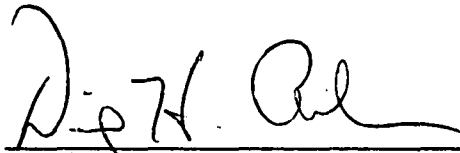
MAINE CENTRAL RAILROAD COMPANY

By: Kenneth C. Austin  
Name: Kenneth C. Austin  
Title: Vice President - Finance

ACKNOWLEDGEMENT

STATE OF MASSACHUSETTS    )  
                                      )   SS.  
COUNTY OF MIDDLESEX        )

Signed and sworn to before me, a notary public in and for said Commonwealth and County, this 25th day of March, 1988, by Kenneth C. Austin who acknowledged to me that he is the Vice President - Finance of the Delaware and Hudson Railway Company and the Maine Central Railroad Company, and duly authorized to execute the foregoing Security Agreement on behalf of said corporations.

A handwritten signature in dark ink, appearing to read "D. H. Anderson", written over a horizontal line.

David H. Anderson, Notary Public  
My Commission Expires: 4/9/93